



**The Commonwealth of Massachusetts**

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**DEPARTMENT OF  
TELECOMMUNICATIONS AND ENERGY**

**BAY STATE GAS COMPANY**  
D.T.E. 05-27

**NINTH SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF  
TELECOMMUNICATIONS AND ENERGY TO  
THE COMPANY**

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Bay State" or "Company") the following set of Information Requests for response within ten days of issuance:

- DTE 9-1      Refer to Exh. BSG/JES-1, Workpaper JES-6, at 21. Please provide the basis for computing bad debt expense of \$8,244,660 for accounting purposes and the percentage of this expense to total test year firm billed revenues.
- DTE 9-2      Refer to Exh. BSG/JES-1, Schedule JES-6, at 9, ln. 11. Is it required to allocate the test year bad debt adjustment of \$10,305,726 between base rates and the Cost of Gas Adjustment Clause? If your response is negative, please explain, in detail, the significant disparity between the proposed test year adjustment of \$10,305,726 and test year bad debt expense of \$3,199,694.
- DTE 9-3      Refer to Exh. BSG/JES-1, Schedule JES-6, at 9. Please provide, for the years 2002 and 2003, the percent of bad debt expense for accounting purposes to total firm billed revenues.
- DTE 9-4      Refer to Exh. BSG/JES-1, Schedule JES-6, at 9. Did the Company change its bad debt accrual rate for accounting purposes during the test year, or the two years prior to the test year?
- DTE 9-5      Refer to Exh. BSG/JES-1, Sch. JES-6, at 9. Please provide a schedule showing the annual firm billed revenues, annual net-write-offs, and the percentage of write-offs to revenue billed for the years 1992 through 2001.
- DTE 9-6      Refer to Exh. BSG/JES-1, Workpaper JES-6, at 21. Please provide a breakdown by residential, commercial and industrial, and transportation services

of the monthly net write-offs under each service area for years 2002 through 2004.

- DTE 9-7 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 21. Please explain with supporting schedules the reasons for:
- (1) the November 2003 adjustment under each service area;
  - (2) the negative entries for June (Lawrence) 2002, April (Brockton and Springfield) and May (Lawrence) 2003, and for January (Springfield) and June (all service areas) 2004.
- DTE 9-8 Please describe each of the per books items listed on lines 46 through 52 in Exh. BSG/JES-1, Workpaper JES-6, at 21 (or lines 2 through 8 of Workpaper JES-6, at 23) and cross-reference or explain how each of the indicated amount under the columns labeled "Gas Revenue Income Statement" and "EP&S [Energy Products and Services] Income Statement" was determined.
- DTE 9-9 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 23. Please describe and list the components of the Miscellaneous Service Revenue item listed on line 1 and cross-reference or explain how the indicated amounts for years 2002 through 2004 were determined.
- DTE 9-10 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 21. For each month for the period 2002 through 2004, please provide under each service area the number of account write-offs for amounts that are:
- (1) Less than \$500;
  - (2) Greater than or equal to \$500 but less than \$1,000;
  - (3) Greater than or equal to \$1,000 but less than \$5,000;
  - (4) Greater than or equal to \$5,000 but less than \$10,000;
  - (5) Greater than or equal to \$10,000 but less than \$50,000;
  - (6) Greater than or equal to \$50,000 but less than \$100,000; and
  - (7) Greater than or equal to \$100,000.
- Break down the number of account write-offs by residential, commercial and industrial, and transportation service. Describe the Company's method and explain any assumptions used.
- DTE 9-11 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 21. Please provide the amount of monthly write-offs for gas revenues, including any adjustments thereto, for 2005 when data is available. This is a continuing request until the record is closed in this proceeding.
- DTE 9-12 Please provide a copy of the compliance filing schedule in Bay State Gas Company, D.P.U. 92-111 (1992) for:

- (1) adjustment to operating expense - bad debt expense - gas revenue;
- (2) adjustment to operating expenses - bad debt expense - EP&S.

DTE 9-13 Refer to Exh. BSG/JES-1, Sch. JES-6, at 10. Please provide the annual miscellaneous service revenues, other revenue net write-offs, and percentage of write-offs to revenue for years 1992 through 2001.

DTE 9-14 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 22. Please:

- (1) explain the captions for the following service categories: "Reserve-Sundry Uncollectible"; "Reserve-Water Heater Rentals Uncollectible"; and "Reserve-Residential Guardian Care Uncollectible";
- (2) list all component services provided under each service category;
- (3) state the purpose of the alpha-numeric designation(s) under each column.

DTE 9-15 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 22. For each month for the period 2002 through 2004, please provide under each service category the number of account write-offs for amounts that are:

- (1) Less than \$500;
- (2) Greater than or equal to \$500 but less than \$1,000;
- (3) Greater than or equal to \$1,000 but less than \$5,000;
- (4) Greater than or equal to \$5,000 but less than \$10,000;
- (5) Greater than or equal to \$10,000 but less than \$50,000;
- (6) Greater than or equal to \$50,000 but less than \$100,000; and
- (7) Greater than or equal to \$100,000.

Describe the Company's method and explain any assumptions used.

DTE 9-16 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 22. Please explain with supporting schedules the reasons for the negative entries under the applicable service category for January and September through December in 2002, February through April in 2003, and April through June, August, October and November in 2004.

DTE 9-17 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 22. Please provide the amount of monthly write-offs for EP&S revenues, including any adjustments thereto, for 2005 when data is available. This is a continuing request until the record is closed in this proceeding.

DTE 9-18 Refer to Exh. BSG/JES-1, Sch. JES-6, at 9. Please provide a schedule, covering the period 1992 through 2004, that shows for gas revenues:

- (1) annual net write-offs;
- (2) annual amount of net write-offs recovered through the CGA;
- (3) percentage of annual net-write-offs recovered through the CGA.

- DTE 9-19 Refer to Exh. BSG/JES-1, Sch. JES-6, at 10. Please provide a schedule, covering the period 1992 through 2004, that shows for EP&S revenues:
- (1) annual net write-offs;
  - (2) annual amount of net write-offs recovered through the CGA;
  - (3) percentage of annual net-write-offs recovered through the CGA.
- DTE 9-20 Please provide a schedule covering the period 1992 through 2004 showing the following items:
- (1) annual firm therm sales;
  - (2) annual firm billed revenues;
  - (3) annual net write-offs;
  - (4) annual net write-offs as percent of firm billed revenue;
  - (5) annual net write-offs in cents per therm;
  - (6) cumulative annual net write-offs for 1992 through 2004;
  - (7) the average net write-offs in cents per therm for the 1992-2004 period.
- DTE 9-21 Please describe the process of how the Company determines its monthly net write-offs for gas revenues. Provide a copy of any policy manuals and publications used as the basis for determining such net write-offs.
- DTE 9-22 Please describe the process of how the Company determines its net write-offs for EP&S revenues. Provide a copy of any policy manuals and publications used as the basis for determining such net write-offs.
- DTE 9-23 Please describe with supporting documentation all measures taken by the Company from 1992 to the present to minimize the annual levels of its net write-offs from gas revenues and from EP&S revenues.
- DTE 9-24 Please reconcile or explain the difference between the test year normalized operation revenue of \$481,909,253 shown in Exh. BSG/JES-1 and the test year normalized firm sales revenues of \$474,918,261 shown in Exh. BSG/JES-1, Sch. JES-6, at 9, line 10.
- DTE 9-25 Please reconcile or explain the differences between the \$7,118,165 bad debt expense shown on line 24 of Exh. BSG/JAF 1-1, at 2 with the bad debt amounts shown in:
- (1) Exh. BSG/JES-6, at 9 [and 10]; and
  - (2) Exh. BSG/JLH-2, Sch. JLH-2-3, at 23, line 25.
- DTE 9-26 Refer to Exh. BSG/JLH-2, Sch. JLH-2-2, at 23. Please describe with supporting schedules, or cross-reference to documents previously filed, how the

following Company total bad debt expenses (Account 904 - Uncollectible Accounts) were determined:

- (1) the total amount allocated to all firm rate classes (sum of lines 9 through 19);
- (2) Adjustment Bad Debt Gas Sales (line 20);
- (3) Adj Uncollectible Prop Rate Increase (line 21);
- (4) Bad Debt Expense - Cust Service (line 22);
- (5) Bad Debt Expense - Rental (line 23);
- (6) Adjust Bad Debt Other Revenues (line 24).

DTE 9-27 Refer to Exh. BSG/JLH-2, Sch. JLH-2-3, at 23. Please describe with supporting schedules, or cross-reference to documents previously filed, how the following Company total bad debt expenses (Account 904 - Uncollectible Accounts) were determined:

- (1) the total amount allocated to all firm rate classes (sum of lines 9 through 19);
- (2) Adjustment Bad Debt Gas Sales (line 20);
- (3) Adj Uncollectible Prop Rate Increase (line 21).

Dated: May 26, 2005